

Subject	Compliance with The Pensions Regulator's Code of Practice 14	Status	For Publication
Report to	Local Pension Board	Date	15 February 2024
Report of	Director Assistant Director - Pensions		
Equality Impact Assessment	Not Required	Attached	No
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1 **Purpose of the Report**

- 1.1 To provide the Board with an update on compliance with the Regulator's Code of Practice for Public Sector Pension Schemes.

2 **Recommendations**

- 2.1 Members are recommended to:
- a. **Note the contents of this report and provide officers with feedback on areas which they feel require attention.**

3 **Link to Corporate Objectives**

- 3.1 This report links to the delivery of the following corporate objectives:
Effective and Transparent Governance

To uphold effective governance showing prudence and propriety at all times.

Compliance with the Regulator's Code of Practice provides a demonstration of the achievement of the Authority's objective of delivering effective and transparent governance.

4 **Implications for the Corporate Risk Register**

- 4.1 The actions outlined in this report relate to the identified risks related to regulatory compliance set out in the Corporate Risk Register.

5 **Background and Options**

5.1 The Board received periodic updates on compliance with the Pensions Regulator's Code of Practice 14 for Public Sector Pension Schemes as part of its process for gaining assurance that the Scheme Manager (the Pensions Authority) is effectively fulfilling its role. The latest update is set out in detail at Appendix A. Please note that updates have only been provided where there has been some change, no update indicates that the degree of compliance remains unchanged.

5.2 Key developments since the last update are as follows:

- The delivery of risk management training for all managers which has significantly widened the input into the preparation of the risk register.
- The completion of work to document and standardise the process for dealing with appeals under the Internal Dispute Resolution Procedure, including ensuring that all records are maintained in a single repository.
- The allocation of specific resources to support improvements in scheme member data and provide increased focus on employer issues as part of changes to the organisation of the Pensions Administration service.

5.3 Code of Practice 14 will be replaced from 27th March by the Regulator's new general code which significantly "raises the bar" in several areas and covers a broader range of activities. The General Code consolidates and modernises 10 previous Codes into a single Code and sets out governance standards for pension schemes.

- The Code applies to governing bodies of occupational schemes (Defined Benefit and Defined Contribution), personal pension schemes and public service pension schemes.
- For Public Service Pension Schemes specifically, the Code replaces Code of Practice 14 (Governance and Administration of Public Service Pension Schemes).
- As expected, there are five sections within the Code: The governing body, Funding and Investment, Administration, Communications and disclosure and Reporting to TPR.
- The Code will be accessible online and the paper version runs to 171 pages comprising of 51 modules (and not all modules apply to all schemes).

5.4 The new Code highlights a number of areas of good practice which sit alongside core modules (highlighted by an * in the list below). Whilst compliance with the good practice modules is not a legal requirement, it is suggested that all administering authorities and Public Service Pension Schemes consider all areas of the new Code including a number of new modules in the Code when compared with Code of Practice 14. These are:

Governing Body

- Meetings and decision-making*
- Remuneration and fee policy*
- Managing advisers and service providers*
- Scheme continuity planning*
- Own risk assessment*

Funding and Investment

- Investment governance*
- Investment monitoring*
- Climate change*

Administration

- Planning and maintaining administration
- Financial transactions
- Transfers out
- Record-keeping
- Data monitoring and Improvement
- Maintenance of IT systems
- Cyber controls*

Communications and disclosure

- General principles for member communications
- Scams

5.5 The independent governance review which is about to commence will provide the Authority with a baseline in terms of compliance with the new code and this will be built into the developing performance management framework. The results of this work will be reported to the Board when available.

6 Implications

6.1 The proposals outlined in this report have the following implications:

Financial	None directly
Human Resources	There are likely to be additional training requirements arising from the new code which will be addressed through the appraisal process and the existing training budget.
ICT	None
Legal	Clearly compliance with the Code is a legal requirement. However, it must be recognised that in some cases determining whether or not there is compliance is a subjective judgement rather than objective fact.
Procurement	None

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Background Papers	
Document	Place of Inspection

TPR Code of Practice 14	Public service code of practice The Pensions Regulator
TPR General Code	Single code of practice consultation The Pensions Regulator